

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

HKM ENTERPRISES, INC D/B/A ADAPTIVE
LAUNCH SOLUTIONS,

Plaintiff,

v.

PARSONS GOVERNMENT SERVICES, INC.,
A NEVADA CORPORATION AND
PARSONS CORPORATION, AND
DELAWARE CORPORATION,

Defendants.

Case No.: 2:23-cv-10592-MEMF-PD

**ORDER GRANTING IN PART MOTION TO
DISMISS [ECF NO. 46]**

Before the Court are the Motions to Dismiss filed by Defendants Parsons Government Services, Inc. and Parsons Corporation. ECF No. 46. For the reasons stated herein, the Court GRANTS IN PART the Motions to Dismiss. ALS is ORDERED to file a trade secret information statement prior to filing an amended complaint, and the Court will issue a separate Order detailing what should be included in the statement.

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1 **I. Background**

2 The Court has already discussed the background of this case at length in its Order Granting in
3 Part Motions to Dismiss. *See* ECF No. 41 (“MTD Order”). The Court will discuss only the
4 procedural background in this Order.¹

5 **A. Procedural History**

6 Plaintiff HKM Enterprises Inc. d/b/a Adaptive Launch Solutions (“ALS”) filed suit in this
7 Court on December 18, 2023. *See* ECF No. 1 (“Complaint”). ALS brought seven causes of action
8 against Parsons Government Services, Inc. (“Parsons Government”) and Parsons Corporation
9 (“Parsons”; together with Parsons Government, “Defendants”): (1) breach of contract; (2)
10 anticipatory breach of contract; (3) fraudulent inducement; (4) breach of the covenant of good faith
11 and fair dealing; (5) violation of California Business and Professions Code Section 17200 (Unfair
12 Competition Law or “UCL”); (6) declaratory relief as to the meaning of the IDIQ Contract; and (7)
13 preliminary injunctive relief. *See generally id.*

14 Defendants each filed a motion to dismiss on February 8, 2024. ECF No. 24; ECF No. 24-1;
15 ECF No. 25; ECF No. 25-1. The Court granted in part and denied in part the motions to dismiss.
16 MTD Order. The Court granted ALS leave to file an amended complaint. *Id.* at 22.

17 On September 9, 2024, ALS filed the FAC. FAC. The FAC alleges nine causes of action,
18 some of which are new: (1) breach of contract; (2) breach of implied joint venture/partnership
19 agreement, (3) fraud; (4) breach of the covenant of good faith; (5) violation of the UCL; (6)
20 declaratory relief²; (7) misappropriation of trade secrets in violation of the California Uniform Trade
21 Secrets Act; (8) misappropriation of trade secrets in violation of the Defend Trade Secrets Act; and
22 (9) unjust enrichment. *See generally* FAC.

25 ¹ This Order states facts taken from the allegations in Plaintiff HKM Enterprises Inc.’s First Amended
26 Complaint, ECF No. 42 (“FAC”), unless otherwise indicated. For the purposes of this Order, the Court treats
27 the factual allegations in the FAC as true, but at this stage of the litigation, the Court makes no finding on the
truth of these allegations, and is therefore not—at this stage—finding that they are true.

28 ² ALS seeks declaratory relief only as to whether the Indefinite Delivery, Indefinite Quantity Subcontract
Contract (“IDIQ Contract”) guarantees a 30% workshare. *See* FAC ¶ 155–63.

On October 23, 2024, Defendants filed a motion to dismiss the FAC. ECF No. 46; ECF No. 46-1 (“Motion”). The Motion includes a request for judicial notice. ECF No. 46-2 (“RJN”). The Motion is fully briefed. ECF Nos. 47 (“Opposition”), 48 (“Reply”).

The Court heard this matter on February 13, 2025.

II. Applicable Law

Federal Rule of Civil Procedure 12(b)(6) allows an attack on the pleadings for “failure to state a claim upon which relief can be granted.” Fed. R. Civ. P. 12(b)(6). “To survive a motion to dismiss, a complaint must contain sufficient factual matter, accepted as true, to ‘state a claim to relief that is plausible on its face.’” *Ashcroft v. Iqbal*, 556 U.S. 662, 678 (2009) (quoting *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 570 (2007)). “A claim has facial plausibility when the plaintiff pleads factual content that allows the court to draw the reasonable inference that the defendant is liable for the misconduct alleged.” *Iqbal*, 556 U.S. at 678.

The determination of whether a complaint satisfies the plausibility standard is a “context-specific task that requires the reviewing court to draw on its judicial experience and common sense.” *Id.* at 679. Generally, a court must accept the factual allegations in the pleadings as true and view them in the light most favorable to the plaintiff. *Park v. Thompson*, 851 F.3d 910, 918 (9th Cir. 2017); *Lee v. City of L.A.*, 250 F.3d 668, 679 (9th Cir. 2001). But a court is “not bound to accept as true a legal conclusion couched as a factual allegation.” *Iqbal*, 556 U.S. at 678 (quoting *Twombly*, 550 U.S. at 555).

As a general rule, leave to amend a dismissed complaint should be freely granted unless it is clear the complaint could not be saved by any amendment. *See* Fed. R. Civ. P. 15(a); *Manzarek v. St. Paul Fire & Marine Ins. Co.*, 519 F.3d 1025, 1031 (9th Cir. 2008).

REQUEST FOR JUDICIAL NOTICE

I. Applicable Law

“[A] court may judicially notice a fact that is not subject to reasonable dispute because it: (1) is generally known within the trial court’s territorial jurisdiction; or (2) can be accurately and readily determined from sources whose accuracy cannot reasonably be questioned.” Fed. R. Evid. 201(b). While “undisputed matters of public record” are judicially noticeable, a court may not take

1 notice of disputed facts in public records. *Lee*, 250 F.3d at 689; *see also MGIC Indem. Corp. v.*
2 *Weisman*, 803 F.2d 500, 504 (9th Cir. 1986).

3 Courts in this district have routinely granted requests for judicial notice as to the U.S.
4 Copyright Office's Public Records Catalogue. *See, e.g., Evans v. NBCUniversal Media, LLC*, No.
5 CV 21-0984-CBM-PD(x), 2021 WL 4513624, at *2 (C.D. Cal. July 23, 2021) (granting judicial
6 notice of the presence of movie title in USCO Public Catalogue); *Fisher v. Nissel*, No. CV 21-5839-
7 CBM-(KSx), 2022 WL 16961479, at *3–4 (C.D. Cal. Aug. 15, 2022) (granting judicial notice as to
8 multiple printouts from the USCO's Public Records Catalogue).

9 **II. Discussion**

10 Defendants introduce a copy of the United States Patent No. 8,608,114, dated December 17,
11 2013, which they obtained through the United States Patent and Trademark Office's Patent Public
12 Search Basic. *See* ECF No. 46-3 (Declaration of James L. Zeleney in support of the RJN). Because
13 the patent satisfies the requirements under Federal Rule of Evidence 201(b) and ALS does not
14 oppose the RJN, the Court takes judicial notice thereof. The Request for Judicial Notice is
15 GRANTED.

16 **MOTION TO DISMISS**

17 **I. Discussion**

18 As discussed in further detail below, the Court GRANTS IN PART the Motion. ALS has
19 adequately pleaded its claims for fraud. ALS, however, has not sufficiently alleged its claims for
20 breach of contract, breach of implied joint venture/partnership agreement, breach of the covenant of
21 good faith and fair dealing, violation of the UCL, misappropriation of trade secrets under the
22 California Uniform Trade Secrets Act ("CUTSA") and the federal Defend Trade Secrets Act
23 ("DTSA"), declaratory relief, and unjust enrichment. The Court grants leave to amend and cure the
24 defects identified below.

25 **A. ALS Has Not Adequately Pleaded Its Claim for Breach of Contract (First Cause of**
26 **Action).**

27 ALS alleges the following three purported breaches of contract in its breach of contract
28 claim: (1) failure to award 30% workshare as required, FAC ¶¶ 107–17, 119; (2) misuse of ALS's

1 intellectual property beyond the scope of the licensing agreement, *id.* ¶ 118; and (3) disclosure of
2 confidential material in breach of the confidentiality provision of the IDIQ Contract, *id.* ¶ 120. The
3 Court evaluates each alleged breach and finds that ALS has not sufficiently alleged a breach of
4 contract claim.

5 **i. ALS Has Not Adequately Pleaded Its Claim for Breach of Contract Based on**
6 **the 30% Workshare Provision.**

7 In its prior Order, the Court found that there “was no obligation to assign ALS a 30%
8 workshare in the IDIQ Contract.” MTD Order at 12. ALS’s amendments do not change the Court’s
9 prior finding, and therefore this alleged ground for breach fails.

10 As it did previously, ALS alleges that the IDIQ Contract requires Defendants to award at
11 least 30% workshare to ALS. *See* FAC ¶ 64. In its prior Order, this Court found that it is “plain from
12 the text of the IDIQ Contract—Parsons Government was ‘not obligated to order any amount of
13 work’ and did not ‘guarantee [ALS] any amount of work.’ . . . These words are unambiguous and
14 make plain that the IDIQ Contract does not require Parsons Government to award ALS a 30%
15 workshare or any other specific amount.”³ MTD Order at 13. In what appears to be an effort to
16 introduce extrinsic evidence and therefore plead around the Court’s finding that the workshare
17 provision is unambiguous, ALS now alleges that “Defendants inserted ambiguity and conflict into
18 the IDIQ Contract.” FAC ¶ 109; *see id.* ¶¶ 107–16, 119 (additional allegations under the claim for
19 breach of contract).

20 The Court again finds that the IDIQ Contract does not require Defendants to award ALS 30%
21 of the total workshare as ALS asserts and that ALS has not sufficiently alleged facts to find
22 otherwise. As before, the text of the IDIQ Contract is plain: Defendants were “not obligated to order
23 any amount of work” and did not “guarantee [ALS] any amount of work.” *See* ECF No. 42-2 at 5.⁴
24

25 ³ In the MTD Order, the Court found that ALS sufficiently alleged that Parsons Government and Parsons are
26 alter egos of one another. MTD Order at 9. As such, when the Court refers to its findings in the MTD Order
27 regarding Parsons Government or Parsons, it shall be understood as findings as to both Parsons Government
28 and Parsons, i.e., Defendants.

⁴ Whenever the Court refers to the IDIQ Contract, ECF No. 42-2, the Court cites to the page number
generated by the CM/ECF system, not to the page number inherent in the document.

1 ALS's new allegations are relevant only as extrinsic evidence. For instance, although ALS alleges
2 that the parties mutually intended ALS to receive at least 30% of the workshare, ALS alleges that
3 this mutuality was "established in *discussions*." See FAC ¶ 108 (emphasis added). Likewise,
4 allegations that concern Defendants' revisions *prior to* the execution of the IDIQ Contract or what
5 was said *during negotiations* are also extrinsic evidence. See *id.* ¶ 110–11, 116. Insofar as these
6 newly supplied allegations are extrinsic evidence, they are irrelevant to consider when the contract
7 itself is unambiguous. See Cal. Civ. Code § 1638 ("The language of a contract is to govern its
8 interpretation, if the language is clear and explicit, and does not involve an absurdity.").

9 ALS also alleges that Defendants "inserted ambiguity" into the IDIQ Contract, *id.* ¶ 109, but
10 this allegation is insufficient to establish ambiguity. ALS cannot allege ambiguity just by stating that
11 ambiguity exists—this is a "legal conclusion couched as a factual allegation," which the Court need
12 not accept. See *Iqbal*, 556 U.S. at 678. Moreover, any form of negotiations between the parties
13 *before* the execution of the IDIQ Contract is also extrinsic evidence.

14 For the first time and through its Opposition, ALS argues that the IDIQ Contract contains
15 another ambiguous phrase: "organically over the life of the LMSI contract." Opp'n at 10 (citing FAC
16 ¶¶ 57, 111). But this argument is inapposite, because the FAC itself does not allege that this phrase is
17 ambiguous. At best, the two paragraphs of the FAC that ALS cites in its Opposition include the
18 phrase only because it is part of the IDIQ Contract's workshare provision. See FAC ¶¶ 57, 111
19 (quoting the IDIQ Contract's workshare provision); ECF No. 42-2 at 9 (workshare provision).
20 Because the FAC does not allege ambiguity based on the phrase "organically over the life of the
21 LMSI contract," the Court finds that ALS's argument fails. (And even if it did, this would not
22 change the Court's reading of the plain language of the contract.)

23 ALS advances another new argument that if the Court finds the 30% workshare provision
24 unambiguous, the IDIQ Contract would be rendered "illegal" and "void" for lack of consideration.
25 Opp'n at 6–7. But this contract formation-based argument is unavailing.⁵ There was consideration;
26

27
28 ⁵ Defendants argue that ALS's argument based on consideration was "rejected before." Mot. at 1 (citing MTD Order at 13). The Court, however, did not consider formation of contract in its MTD Order.

1 ALS was awarded additional missions. FAC ¶ 55. This is consistent with ALS’s concession in the
2 FAC that the IDIQ Contract “functioned” from 2019 to the first quarter of 2022, resulting in four
3 successful projects. *Id.*; see *Willard, Sutherland & Co. v. United States*, 262 U.S. 489, 494 (1923)
4 (concluding that a contract that was “not enforceable” at its inception “became valid and binding to
5 the extent that it was performed”)

6 ALS relies on *Willard, Sutherland & Co.* to argue that “Defendant(s) only paying for services
7 rendered is not enough to save the contract or minimum [30% workshare] requirement.” Opp’n at
8 16. But this case does not support ALS’s conclusion. There, the Supreme Court held that “for lack of
9 consideration and mutuality, the contract [at issue] was not enforceable.” *Willard, Sutherland & Co.*,
10 262 U.S. at 493. It appears that ALS leans on this part of the Supreme Court’s holding. The Supreme
11 Court, however, held in the immediately subsequent paragraph that “[w]hile the contract at its
12 inception was not enforceable, it became valid and binding to the extent that it was performed.” *Id.*
13 at 494; see FAC ¶ 113 (“The contract functioned as intended . . . by the Parties for two years . . .”).
14 Ultimately, the Supreme Court affirmed the Court of Claim’s conclusion that the appellant was not
15 entitled to recover. *Willard, Sutherland & Co.*, 262 U.S. at 494. As such, it does not appear to the
16 Court that *Willard, Sutherland & Co.* advances ALS’s argument.

17 As before, ALS relies on the Federal Acquisition Regulation (“FAR”) to argue that the Court
18 should find the IDIQ Contract imposing an obligation on Defendants to award 30% of the
19 workshare. Opp’n at 13. But ALS has not remedied the defect identified in the MTD Order—that
20 “[i]t is far from clear to the Court that [] rewriting of the IDIQ Contract to make it comply with [the]
21 FAR is appropriate, and ALS has not shown that it is.” MTD Order at 16. Neither the FAC nor the
22 Opposition addresses this point. As such, the Court’s finding as to ALS’s reliance on the FAR
23 remains the same.

24 Insofar as the Court found—and again finds—that the workplace provision is unambiguous,
25 ALS’s remaining arguments based on “context” or other extrinsic evidence do not pass muster. See
26 Opp’n at 7 (arguing that the Court should consider the parties’ bargaining positions), 9–11
27 (referencing the Teaming Agreement, what Defendants’ employee Debbie Williams said, and what
28 Waterman wrote in an email), 11–12 (contending that “it defies logic [that] ALS would agree to give

Defendants a license to use its intellectual property . . . but not secure some sort of guaranteed return for itself”).

For the foregoing reasons, the Motion is GRANTED as to the breach of contract cause of action with respect to Defendants’ alleged failure to meet a purported 30% minimum workshare requirement. Dismissal shall be without leave to amend, as the Court has found that this claim fails twice. *See Manzarek*, 519 F.3d at 1031 (“Dismissal without leave to amend is improper unless it is clear . . . that the complaint could not be saved by any amendment.”).

ii. ALS Has Not Adequately Pleaded Its Claim for Breach of Contract (First Cause of Action) Based on Defendants’ Misuse of Its Intellectual Property Beyond the Scope of the Licensing Provision.

In the MTD Order, the Court found that ALS had adequately pleaded its claim for breach of contract based on Defendants’ misuse of ALS’s intellectual property. The Court so found based on Defendants’ offer to sell ALS’s Power Control Module (“PCM”) and the approach the court in *Macom Tech. Sols. Holdings, Inc. v. Infineon Techs. AG*, 2016 WL 6495373, *22 (C.D. Cal. Oct. 31, 2016), *aff’d in relevant part*, 881 F.3d 1323 (Fed. Cir. 2018), adopted—that ALS, in context, alleged “an implied negative covenant” in the parties’ licensing agreement. *See* MTD Order at 16–17 (addressing Defendants’ arguments that (1) ALS had not adequately alleged any use of ALS’s intellectual property beyond that allowed by the IDIQ Contract and (2) the IDIQ Contract does not actually prohibit using the intellectual property as alleged). This time, Defendants make two new arguments regarding ALS’s breach of contract claim based on Defendants’ alleged misuse of ALS’s intellectual property: (1) ALS has failed to allege whether there are any “trade secrets”⁶ and (2) ALS has not alleged any harm or damages. Mot. at 10. The Court finds that ALS has not adequately pleaded harm but that an amendment may cure the defect.

ALS does not need to allege that there are trade secrets to assert a claim for breach of contract under the IDIQ Contract’s licensing provision. “To prevail on a cause of action for breach

⁶ Defendants guide the Court to Section V.G of its Motion to argue that ALS has failed to allege the existence of trade secrets. But the cited section discusses declaratory relief; it is Section V.H that analyzes whether ALS has adequately identified its trade secrets. As such, the Court will consider the arguments laid out in Section V.H of the Motion.

1 of contract, the plaintiff must prove (1) the contract, (2) the plaintiff's performance of the contract or
2 excuse for nonperformance, (3) the defendant's breach, and (4) the resulting damage to the
3 plaintiff." *Richman v. Hartley*, 224 Cal. App. 4th 1182, 1186 (2014). Here, ALS sufficiently alleged
4 a contract: the licensing provision of the IDIQ Contract. ECF No. 42-2 at 22 (Section H.8,
5 Intellectual Property); FAC ¶ 118 (referencing the licensing provision). The Court notes that the
6 licensing provision is not limited to trade secrets; it broadly encompasses, among other information,
7 "pre-existing inventions, technology, designs, . . . , and other information or materials" ECF
8 No. 42-2 at 22. Moreover, Defendants provide no authority requiring ALS to specifically identify its
9 trade secrets in order to allege a claim for breach of contract. *See* Mot. at 10 (relying instead on
10 CUTSA and DTSA). As such, the Court finds that ALS is not obligated to allege its trade secrets for
11 its breach of contract claim under the IDIQ Contract's licensing provision.⁷

12 But the Court finds that ALS has not sufficiently alleged harm. Although ALS alleges that it
13 has been damaged in an amount "conservatively estimated to exceed \$15,000,000," FAC ¶ 122, ALS
14 does not allege under what recovery theory, e.g., lost profits, it seeks this amount, nor does it
15 otherwise describe how it was damaged. Because the alleged amount is speculative, the claim for
16 breach of contract for misuse of ALS's intellectual property fails. *See Vestar Dev. II, LLC v. Gen.*
17 *Dynamics Corp.*, 249 F.3d 958, 962 (9th Cir. 2001) (finding the plaintiff's allegation for damages for
18 \$48,000,000 "too speculative" in the motion to dismiss stage for breach of contract claim).

19 For these reasons, the Motion is GRANTED as to breach of contract cause of action with
20 respect to misuse of intellectual property. ALS is granted leave to amend and provide plausible
21 factual allegations regarding harm in support.

22 **iii. ALS Has Not Adequately Pleaded a Claim for Breach of Contract (First**
23 **Cause of Action) Based on Defendants' Breach of the Confidentiality**
24 **Provision.**

25 In the FAC, ALS adds a new allegation that Defendants breached the confidentiality
26 provision of the IDIQ Contract. FAC ¶ 120. Defendants seek to dismiss this claim on the ground that

27
28 ⁷ ALS has sufficiently alleged its performance, FAC ¶ 65, and Defendants' breach, *id.* ¶¶ 78–83, 118.

1 ALS has not “allege[d] what information Defendants supposedly disclosed to which ‘other third
2 parties.’” Mot. at 10. The Court touched on this argument in the MTD Order. *See* MTD Order at 16–
3 17 (finding ALS’s allegation about Defendants’ offer to sell the PCM to customers unrelated to the
4 execution of the IDIQ Contract sufficient for the claim). Nevertheless, the Court finds that ALS has
5 not adequately alleged harm.

6 Drawing reasonable inferences in ALS’s favor, ALS has adequately pleaded that Defendants
7 exceeded the IDIQ Contract’s confidentiality provisions. Defendants have offered the PCM, which
8 ALS alleges is a trade secret, for sale since at least December of 2021. *See* FAC ¶¶ 86, 89.
9 Defendants also listed ALS’s Aquila Deck Adapter and the ‘114 Patent as “Parsons Product[s]” on
10 their website. *Id.* ¶ 83; *but see id.* ¶ 66 (quoting the IDIQ Contract’s confidentiality provision, which
11 prohibits disclosure on, among other things, publicity and advertising materials). These allegations
12 are sufficient to overcome Defendants’ challenge. Moreover, the Court does not find that ALS is
13 obligated to provide further specificity on to whom Defendants disclosed ALS’s confidential
14 information, and Defendants provide no binding authority that compels this Court to find otherwise.

15 The Court, however, finds that ALS has not alleged harm. As discussed above, ALS’s
16 allegation that it has been damaged for at least \$15,000,000, *id.* ¶ 122, is speculative.

17 As such, the Court GRANTS the Motion as to this claim based on Defendants’ breach of the
18 confidentiality provision. ALS is granted leave to amend.

19 **B. ALS Has Not Sufficiently Alleged a Claim for Breach of Implied Joint**
20 **Venture/Partnership Agreement (Second Cause of Action).**

21 In its FAC, ALS adds a new allegation that Defendants breached an implied joint
22 venture/partnership agreement. Defendants seek to dismiss this claim on the ground that the IDIQ
23 Contract expressly prohibits a joint venture/partnership agreement. Mot. at 11. In response, ALS
24 argues that (1) the IDIQ Contract does not cover the scope of the parties’ partnership agreement; (2)
25 Defendants “publicly, and unequivocally, announced the creation of the partnership in a press
26 release dated March 4, 2020,” (3) even if the IDIQ Contract is found to have covered the agreement,
27 the implied partnership arose “at a different time” than the IDIQ Contract; and (4) ALS may plead in
28 the alternative and thereby survive the challenge. Opp’n at 15–17. This claim fails.

1 As an initial matter, it is clear that the IDIQ Contract expressly covers the same relationship
2 that ALS seeks to characterize as an implied venture/partnership. As ALS must concede, the IDIQ
3 Contract states that it “*does not create* any employer-employee, agency, joint employer, *joint venture*
4 *or partnership* relation between” the parties. ECF No. 42-2 at 15 (under the heading “Independent
5 Contractor Relationship”) (emphases added). This provision makes it plain that the relationship
6 between the parties is that of “independent contractor,” not joint venture or partnership. *See* ECF No.
7 42-2 at 21. And the integration clause makes clear that the relationship leading up to the contract is
8 all captured by the IDIQ Contract. *See* ECF No. 42-2 at 21 (“There are no terms, conditions, or
9 provisions, whether oral or written, between the parties hereto, other than those herein contained.”).
10 Because the IDIQ Contract expressly establishes that there is an independent contractor relationship
11 between the parties, and not an implied venture/partnership, the Court finds that ALS’s claim for
12 breach of implied agreement fails on this basis.⁸ *See Retired Emps. Assn. of Orange Cnty., Inc. v.*
13 *Cnty. of Orange*, 52 Cal. 4th 1171, 1181 (2011) (holding that “the law does not recognize implied
14 contract terms that are at variance with the terms of the contract as expressly agreed.”).

15 In view of this, at the hearing, counsel for ALS asserted that this claim rested on a two
16 alternative theories: first, that the parties’ course of conduct *prior* to the IDIQ contract negotiations
17 established an implied venture/partnership which, by law, could not be extinguished with the IDIQ
18 Contract, Opp’n at 16 (citing Cal. Corp. Code § 16801); second, that if the IDIQ Contract was
19 construed not to include a 30% workshare requirement, it failed for lack of consideration, and the
20 parties’ relationship *defaulted* to an implied venture/partnership.

21 In support of the first theory—that the parties established an implied venture/partnership
22 prior to contract negotiations—ALS points generally to “several announcements publicly discussing
23

24 ⁸ Moreover, ALS’s argument that it is merely pleading in the alternative is similarly unavailing. ALS relies on
25 *Lever Your Bus. Inc. v. Sacred Hoops & Hardwood, Inc.*, No. 5:19-cv-01530-CAS(KKx), 2020 WL 2465658
26 (C.D. Cal. May 11, 2020)—which Defendants also cite, Mot. at 10—but this case does not advance ALS’s
27 view. *See Lever Your Bus. Inc.*, 2020 WL 2465658, at *4 (“[T]here is no cause of action for implied contract
28 where there exists between the parties a valid express contract covering the same subject matter.”). Having
found that the IDIQ Contract’s Independent Contractor Relationship provision expressly and explicitly covers
the very subject matter at issue, the Court finds that ALS’s “pleading in the alternative” argument in support
of its breach of an implied joint venture/partnership agreement claim fails.

1 the ‘Partnership,’” FAC ¶ 125, but the only specific announcement it alleges in the FAC—a press
2 release about the parties’ “strategic space partnership,” *id.*—occurred *after* the IDIQ Contract and
3 therefore does not support the idea that a partnership was established and announced *prior* to the
4 IDIQ Contract negotiations began. *Compare id.* ¶ 54 (“The IDIQ Subcontract Agreement was
5 eventually executed on July 1, 2019.”) and ECF No. 42-2 at 15 (the “Independent Contractor
6 Relationship” provision) *with* ECF No. 42-3 (press release dated March 4, 2020). As such, this
7 argument does not compel this Court to find that a partnership relationship between the parties has
8 been adequately alleged. Therefore, in the absence of any other plausible allegations, the Court finds
9 that ALS has not plausibly alleged that the parties formed a legally binding partnership prior to the
10 IDIQ Contract.

11 The second theory—that the IDIQ Contract “defaults to” a 50%-50% implied
12 venture/partnership if the Court finds no 30% workshare requirement—also fails. The Court has
13 already addressed that ALS has failed to establish that the absence of the 30% workshare
14 requirement—or any other reason—means that the IDIQ Contract fails for lack of consideration.
15 Section I.A.i, *supra*. Since the IDIQ Contract is valid, the Court does not need to reach the question
16 of whether a contract that fails for lack of consideration “defaults to” a 50%-50% implied
17 venture/partnership and should be treated as such.

18 Because ALS has failed to establish that it has properly alleged the existence of an implied
19 venture/partnership under any theory, the Motion is GRANTED as to the second cause of action
20 breach of implied joint venture/partnership agreement. This claim will be dismissed without leave to
21 amend, as further amendments would be futile in light of ALS’s continued failure to assert any
22 additional facts in support of this claim.

23 **C. ALS Has Adequately Pleaded Its Claim for Fraud (Third Cause of Action).**

24 The Court previously found that ALS adequately alleged its claim for fraudulent inducement
25 based on Defendants’ pre-IDIQ Contract conduct.⁹ MTD Order at 18–19 (relying on Waterman’s
26 _____

27 ⁹ Fraud and fraudulent inducement, which ALS raised in the initial Complaint, ECF No. 1, share the same
28 elements. *See Engalla v. Permanente Med. Grp., Inc.*, 15 Cal.4th 951, 974 (1997) (“The elements of fraud . . .

December 27, 2018 email, predating the final negotiations for the IDIQ Contract); *see* FAC ¶¶ 46, 50 (Waterman’s email predates the proposal submitted to the U.S. Air Force, and the final negotiations began after Defendants were awarded the LMSI Contract). In response to the new allegations in the FAC that ALS has made for its breach of contract claim, FAC ¶¶ 110, 111, Defendants argue that ALS cannot allege justifiable reliance and harm because it was “aware” of Defendants’ attempts to change the IDIQ Contract’s language during negotiations.¹⁰ Mot. at 12. The Court does not find that this is what these paragraphs allege.^{11, 12}

For clarity, as this Court previously found, ALS has adequately pleaded reliance based on Defendants’ pre-IDIQ Contract conduct. ALS alleges in the FAC—as it did in the initial Complaint—that before the parties executed the IDIQ Contract, Defendants acted in ways that induced ALS to believe that the IDIQ Contract contained a 30% workshare provision and/or that the Defendants would adhere to one. *See id.* ¶¶ 46 (describing Waterman’s December 2018 email containing “30% labor workshare” next to ALS’s name), 52–53 (the parties entered into a Letter Subcontract Agreement, under which Defendants paid ALS \$40,000 to perform work). ALS alleges that it relied on Defendants’ statements regarding 30% workshare and chose to spend man hours and pursue the LMSI contract with Defendants. *Id.* ¶ 38. Such allegations permit a reasonable inference

are: (a) misrepresentation (false representation, concealment, or nondisclosure); (b) knowledge of falsity (or ‘scienter’); (c) intent to defraud, i.e. to induce reliance; (d) justifiable reliance; and (e) resulting damage.” (internal quotation marks omitted); MTD Order at 18 (citing *Engalla* for elements of fraudulent inducement).

¹⁰ Because Defendants focus only on justifiable reliance and damage in its Motion, and in light of the MTD Order finding that the other elements are satisfied, the Court will evaluate only whether ALS has sufficiently alleged justifiable reliance and damage.

¹¹ During the hearing, Defendants, focused on ALS’s allegations of Defendants’ conduct during negotiations, argued that in light of the facts of this case, the IDIQ Contract’s integration clause precludes reliance. Even if this claim was based on the allegations of Defendants’ conduct during negotiations, integration clauses, as Defendants conceded, do not automatically preclude reliance, and Defendants have not provided any binding authority holding that integration clauses necessarily defeat fraud claims. Moreover, Defendants’ integration provision argument during the hearing relied solely on the newly added “awareness” allegations and not the other allegations contained in the FAC that led the Court to find reliance in its prior Order. Accordingly, the Court’s finding that ALS has adequately alleged reliance remains unchanged.

¹² Contrary to what it has alleged in the FAC, ALS engaged with Defendants’ challenge based on paragraphs 110 and 111 and asserted that Defendants’ conduct during negotiations can be a basis for its fraud claim. If ALS wishes to proceed on this ground in the next amended complaint, it may do so. The Court notes, however, that the FAC’s allegations of fraud based on Defendants’ conduct during negotiations do not satisfy Rule 9(b)’s heightened standards.

1 to be drawn in ALS's favor at the pleadings stage. Moreover, the reasonableness of ALS's reliance is
2 a question of fact. *See City Sols. v. Clear Channel Communs., Inc.*, 365 F.3d 835, 840–41 (9th Cir.
3 2004) (“Except in the *rare case* where the undisputed facts leave no room for a reasonable difference
4 of opinion, the question of whether a plaintiff's reliance is reasonable is a question of fact.”)
5 (emphasis in original).

6 ALS has also adequately pleaded damages. ALS has sufficiently alleged the bases upon
7 which it seeks damages for its fraud claim: (1) ALS gave Defendants access and license to use its
8 trade secrets, patents, and other technologies and (2) ALS invested and expanded its business to
9 “honor” the increased workload under the IDIQ Contract. FAC ¶ 138. Such allegations withstand
10 challenge at the pleadings stage.

11 Thus, the Motion is DENIED as to the cause of action for fraud.

12 **D. ALS Has Not Adequately Pleaded Its Claim for Breach of the Implied Covenant of**
13 **Good Faith and Fair Dealing (Fourth Cause of Action).**

14 Whereas ALS had previously advanced this claim on the basis that Defendants refused to
15 complete Past Performance Evaluation Forms, *see* ECF No. 31 at 25 (acknowledging that its two
16 other grounds—violation of the 30% workshare provision and violation of the licensing provision—
17 are “redundant” of its breach of contract claim); MTD Order at 19 (noting that ALS conceded that
18 the other theories it had asserted were “improper”), this time, ALS advances on all three grounds for
19 breach of the covenant of good faith and fair dealing: (1) failure to provide ALS 30% of the
20 workshare; (2) advertisement and offer for sale ALS's intellectual property to third parties; and (3)
21 refusal to complete Past Performance Evaluation Forms for the ALS to obtain a General Services
22 Administration (“GSA”) Oasis Plus Award. FAC ¶ 144. Previously, the Court found that the claim
23 was valid on the third ground but did not consider the sufficiency of the allegations regarding
24 damages. *See* MTD Order at 19. Defendants argue that ALS has not sufficiently alleged harm, and
25 the Court agrees. The Court finds none of ALS's three theories viable.

26 For a claim for breach of the implied covenant of good faith and fair dealing, the following
27 must be alleged: (1) the parties entered into a contract; (2) plaintiff did all, or substantially all of the
28 significant things that the contract required (or was excused from performance); (3) defendant acted

1 in such a way that prevented plaintiff from receiving the benefit under the contract; (4) defendant did
2 not act fairly and in good faith; and (5) plaintiff was harmed. Jud. Council of Cal. Civ. Jury
3 Instructions (“CACI”) No. 325 (Breach of Implied Covenant of Good Faith and Fair Dealing—
4 Essential Factual Elements). “If the allegations do not go beyond the statement of a mere contract
5 breach and, relying on the same alleged acts, simply seek the same damages or other relief already
6 claimed in a companion contract cause of action, they may be disregarded as superfluous as no
7 additional claim is actually stated.” *Careau & Co. v. Sec. Pac. Bus. Credit, Inc.*, 222 Cal. App. 3d
8 1371, 1395 (1990).

9 The first ground—which the Court had not evaluated previously—fails because, as discussed
10 above, the IDIQ Contract precludes a finding of a contract between the parties obligating Defendants
11 to assign 30% of the workshare to ALS. *See* Section I.A.i, *supra*; *cf. Racine & Laramie, Ltd. v. Dep’t*
12 *of Parks & Recreation*, 11 Cal. App. 4th 1026, 1031 (1992) (a claim for a breach of the covenant of
13 good faith and faith “rests upon the existence of some specific contractual obligation.”). Absent a
14 contractual obligation to assign 30% of the workshare to ALS, the Court finds that ALS has not
15 adequately alleged a breach of the implied covenant of good faith and fair dealing based on its
16 understanding of the workshare provision. Having so found twice now, the Court does not see that
17 any further amendment will cure this defect and therefore denies leave to amend.

18 The second ground—which the Court had not considered before—likewise fails because
19 ALS has not sufficiently pleaded harm from Defendants’ advertisement and offer for sale of ALS’s
20 intellectual property. ALS has alleged a contract: the confidentiality provision of the IDIQ Contract,
21 which prohibits disclosure of the parties’ “confidential or proprietary information” “to any third
22 party,” including through “publicity and advertising material.” FAC ¶ 66. ALS has pleaded its
23 performance. *Id.* ¶ 65 (“ALS granted Defendants an irrevocable . . . right and license to use . . .
24 ALS’[s] pre-existing inventions . . .”). ALS has also pleaded that Defendants did not act in good
25 faith by alleging that Defendants exceeded the scope of the confidentiality provision by not only
26 disclosing and offering for sale ALS’s intellectual property, *id.* ¶ 90, but also by distributing
27 materials that included ALS’s proprietary information and presenting them as their own, *e.g., id.* ¶¶
28 78–79, 81–83. Through such allegations, ALS has adequately pleaded that its claim for breach of the

1 implied covenant of good faith and fair dealing goes “beyond the statement of a mere contract
2 breach.” *Cf. Careau & Co.*, 222 Cal. App. 3d at 1395. ALS, however, has not alleged how it was
3 harmed beyond what appears to be a speculative monetary sum. *Id.* ¶ 145 (estimating damage in an
4 amount over \$15,000,000). As such, the Court finds that ALS’s second theory for breach of the
5 implied covenant of good faith and fair dealing is not viable. The Court grants leave to amend the
6 FAC to add sufficient allegations of harm.

7 The third ground—against which Defendants advance a new argument—also fails because
8 ALS has not sufficiently pleaded harm from Defendants’ refusal to complete the Past Performance
9 Evaluation Forms. For clarity, the Court stands by its previous finding that Defendants had an
10 obligation to complete the evaluation forms. Defendants argue that they “could not have entered past
11 performance evaluations” into the Contractor Performance Assessment Reporting System
12 (“CPARS”) because neither of them is an “Assessing Official”—“a Government employee”
13 “responsible who for preparing, reviewing, signing, and processing the evaluations.” *See* Mot. at 14
14 (quoting from GUIDANCE FOR THE CONTRACTOR PERFORMANCE ASSESSMENT REPORTING SYSTEM
15 (CPARS) (“CPARS Guidance”) § 3.5.4 (July 2024),
16 <https://www.cpars.gov/cparsweb/assets/documents/CPARS-Guidance.pdf>). But this information is
17 beyond the four corners of the FAC, and Defendants have not requested this Court take judicial
18 notice of it. However, the Court agrees with Defendants that ALS alleges only “speculative” harm.
19 *See* Opp’n at 21 (“ALS . . . *would have* received additional contracts and work.”) (emphasis added).
20 ALS’s reliance on *Am. Ad Mgmt., Inc. v. Gen. Tel. Co. of Cal.*, 190 F.3d 1051 (9th Cir. 1999) does
21 not compel a different finding. *Cf. id.* at 1059 (finding alleged harm not speculative because the
22 alleged injury flew “directly” from the defendant’s conduct). Accordingly, the Court finds that this
23 basis for this claim fails. The Court grants leave to amend the FAC as to the facts that give rise to
24 finding more than speculative harm.

25 Separately, Defendants ask the Court to dismiss ALS’s request for punitive damages.
26 Because ALS has not properly alleged that it is entitled to any damages, the Motion is GRANTED as
27 to ALS’s request for punitive damages. *Cf. State Farm Auto. Ins. Co. v. Coates*, 933 F.2d 1015, 1991
28 WL 89977, at *1 (“[I]t need not appear that the plaintiff can obtain the *specific* relief demanded as

1 long as the court can ascertain from the face of the complaint that *some* relief can be granted.”)
2 (quoting *Doe v. United States Dep’t of Justice*, 753 F.2d 1092, 1104 (D.C. Cir. 1985).

3 The Motion is GRANTED without leave to amend as to ALS’s theory based on the 30%
4 workshare provision, as the Court does not see that another round of amendment will cure the above-
5 identified defects. *See Manzarek*, 519 F.3d at 1031. The Motion is GRANTED with leave to amend
6 as to the remaining two grounds.

7 **E. ALS Has Not Adequately Pleaded Its UCL Claim (Fifth Cause of Action).**

8 Previously, the Court found that ALS’s UCL claim fell short for failing to allege loss of
9 money or property because of Defendants’ sale of ALS’s intellectual property on their website.
10 MTD Order at 20–21. ALS has attempted to address this defect and simultaneously raise a new
11 theory under the UCL’s fraudulent prong. But the FAC has not cured the previously identified
12 defect, and the fraudulent business practices theory fails. As such, the Court’s finding remains
13 unchanged.

14 Like last time, ALS raises several arguments as to why the UCL claim should survive. *See*
15 Opp’n at 22 (“(1) failure to satisfy their obligation to assign a 30% workshare to ALS, (2) breach of
16 contract in selling ALS’s products on their website, (3) failure to submit positive Past Performance
17 Evaluations for ALS, and (4) fraudulent business practices.”); FAC ¶¶ 149–52 (alleging the second,
18 third, and fourth of the above-listed reasons as bases for ALS’s UCL claim). Because the Court has
19 found that there was no obligation to assign a 30% workshare to ALS, Section I.A.i, *supra*, the Court
20 evaluates whether ALS’s UCL claim survives under the second, third, and fourth theories. These
21 theories fall short.

22 ALS has again failed to adequately allege that it lost money or property because of
23 Defendants’ conduct. The FAC is silent on whether ALS lost money or property because of
24 Defendants’ offer to sell its intellectual property. *See, e.g.*, FAC ¶ 90 (alleging only that ALS’s
25 intellectual property was offered for sale and not whether a sale was made); *see* Opp’n at 22 (arguing
26 that Defendants “likely sold” ALS’s products). ALS’s allegations of harm from Defendants’ refusal
27 to complete the Past Performance Evaluation Forms are conclusory. *See id.* at 21 (“ALS . . . would
28 have received additional contracts and work.”). Such allegations or arguments are still insufficient.

1 See MTD Order at 21 (“ALS does not allege that it lost any sales or has suffered any diminution of
2 goodwill.”).

3 Similarly, ALS’s argument in support of its claim under the “fraudulent” prong of the UCL
4 does not withstand scrutiny. Although ALS argues that “Defendants’ fraudulent business practices
5 resulted in damages to ALS because it took business which otherwise would have gone to ALS, and
6 caused ALS to shift its entire business model away from other profitable areas,” Opp’n at 22, the
7 FAC does not contain any allegation of what business it *would have* had if Defendants acted
8 otherwise or what other less profitable business model it had to embrace.¹³ Absent such allegations,
9 the Court finds that ALS does not have standing for a UCL claim.¹⁴

10 The Motion is therefore GRANTED as to this cause of action without leave to amend, as
11 ALS has failed to establish a UCL claim twice. See *Manzarek*, 519 F.3d at 1031.

12 **F. ALS Has Not Adequately Pleaded Its Declaratory Relief Claim (Sixth Cause of**
13 **Action).**

14 ALS again seeks a judicial determination that the IDIQ Contract contains a 30% minimum
15 guaranteed workshare. As it did in the MTD Order, the Court finds that this claim fails.

16 For a court to consider a claim for declaratory relief there must be an “actual controversy”
17 between the parties. *Chesebrough-Pond’s, Inc. v. Faberge, Inc.*, 666 F.2d 393 (9th Cir. 1982).

18 In light of the Court’s finding that the IDIQ Contract does not contain a 30% minimum
19 guaranteed workshare, Section I.A.i, *supra*, this claim fails. There is no longer any active
20 controversy between the parties in light of the Court’s rulings. To the extent that there was a dispute
21 as to the specific form of relief that ALS sought in the FAC as pleaded, that dispute is now resolved.

22
23
24 ¹³ During the hearing, ALS’s counsel informed the Court that in further support of the UCL claim, he could
25 speak with his client to provide more information about loss of potential business. But the Court believes that
further amendment will be futile, especially in light of ALS’s failure to adequately allege this claim twice.

26 ¹⁴ For clarity, the Court does not accept Defendants’ argument that ALS must have shown “not only that it
27 lost money or property, but also that the money or property was acquired by [Defendants].” Mot. at 16 (citing
28 *Sharpe v. Puritan’s Pride, Inc.*, 466 F. Supp. 3d 1066, 1071 (N.D. Cal. 2020)). The California Supreme Court
in *Kwikset Corp. v. Superior Court*, 51 Cal. 4th 310, which the court in *Sharpe* cited, held that a plaintiff’s
economic injury “without any corresponding gain by the defendant” nevertheless “satisf[ies] the plain
meaning of [the UCL’s] ‘lost money or property’ requirement.” *Kwikset Corp.*, 51 Cal. 4th at 336.

Thus, the Motion is GRANTED as to the claim for declaratory relief without leave to amend.

G. ALS Has Not Sufficiently Alleged a Claim for Misappropriation of Trade Secrets under the California Uniform Trade Secrets Act (Seventh Cause of Action).

In its FAC, ALS adds a new claim for misappropriation under the CUTSA. Defendants argue that ALS’s misappropriation claim under the CUTSA should be dismissed because ALS has not “alleged which of its alleged information is supposedly a ‘trade secret’ versus what is in a patent. . . . In fact, ALS completely comingles the two—referring to ‘trade secrets’ and ‘patents’ together.” Mot. at 19. The Court finds that further specificity is needed to determine which of ALS’s alleged trade secrets meet the definition of a trade secret.

To prevail under the California Uniform Trade Secrets Act, the following must be satisfied: (1) the plaintiff owned a trade secret, (2) the defendants acquired, disclosed, or used the plaintiffs’ trade secret through improper means, and (3) the defendant’s actions damaged the plaintiff. *Sargent Fletcher, Inc. v. Able Corp.*, 110 Cal. App. 4th 1658, 1665 (2003) (citing Cal. Civ. Code § 3426.1). In turn, a trade secret is information that “(1) [d]erives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use, and (2) [i]s the subject of efforts that are reasonable under the circumstances to maintain its secrecy.” Cal. Civ. Code § 3426.1(d). In other words, a trade secret “is valuable because it is unknown to others.” *DVD Copy Control Assn. v. Bunner*, 116 Cal. App. 4th 241, 251 (2004).

Under the DTSA, a trade secret is similarly defined as

all forms and types of financial, business, scientific, technical, economic, or engineering information, including patterns, plans, compilations, program devices, formulas, designs, prototypes, methods, techniques, processes, procedures, programs, or codes, whether tangible or intangible, and whether or how stored, compiled, or memorialized physically, electronically, graphically, photographically, or in writing if—

(A) the owner thereof has taken reasonable measures to keep such information secret; and

(B) the information derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable through

proper means by, another person who can obtain economic value from the disclosure or use of the information;

18 U.S.C. § 1839(3). “Confidentiality provisions constitute reasonable steps to maintain secrecy.” *InteliClear, LLC v. ETC Glob. Holdings, Inc.*, 978 F.3d 653, 660 (9th Cir. 2020).

ALS has not sufficiently alleged the existence of its trade secrets. The FAC lists five categories of trade secrets: (1) the designs and specifications for the Aquila Deck Adapter, (2) the designs and specifications for the Aquila Standard Adapter, (3) the designs and specifications for the 2.6M Dual-Manifest Adapter Fitting, (4) the designs for the Aquila Multi-manifest System, and (5) the PCM. FAC ¶¶ 70 (listing the first four as trade secrets over which ALS purportedly asserted ownership in its Data Rights Assertion document), 86 (“the PCM is a Trade Secret owned by ALS”). ALS alleges that it “derives substantial benefit by maintaining the confidentiality of the Trade Secrets in its database.” *Id.* ¶ 71. ALS also describes the ways in which it keeps the confidentiality of this information. *See id.* ¶¶ 73 (listing, among other things, restricting access to physical servers, requiring coded passwords, and imposing strict confidentiality standards as its “careful, substantial, and reasonable steps to safeguard the secrecy of its Trade Secrets”), 87 (“ALS safeguarded [the PCM] from disclosure by clearly placing ALS Proprietary statement and markings on all documents and communications with Parsons.”). But with respect to the question of any similarities between the asserted trade secrets and the ‘114 Patent, which is properly considered as part of the consideration of the confidentiality factor under the CUTSA and the DTSA, ALS’s allegations are insufficient. During the hearing, Defendants argued that ALS has conflated at least one of its alleged trade secrets (Aquila Multi-manifest System) with the ‘114 Patent. *See* ¶ 70 (“This unique hardware, software and operations [Aquila Multi-manifest System] are combined into systems with flight proven hardware (*like the APSU* [‘114 Patent]). . . .”) (emphasis added). The Court agrees and notes that ALS has not alleged exactly which feature of its property is a trade secret, i.e., bundling and interfacing versus designs. As such, the Court GRANTS the Motion with leave to amend.¹⁵

¹⁵ As discussed at the hearing, prior to the filing of an amended complaint, ALS shall file a trade secret information statement. The Court will issue a separate Order detailing what should be included in a trade secret information statement.

H. ALS Has Not Sufficiently Alleged a Claim for Misappropriation of Trade Secrets under the Defend Trade Secrets Act (Eighth Cause of Action).

The Court finds that the analysis for ALS's claim for misappropriation under the CUTSA applies to its analysis under the DTSA. *See IntelIClear, LLC*, 978 F.3d at 657 (observing that "[c]ourts have analyzed [the federal FTSA and the state CUTSA] claims together because the elements are substantially similar").

Accordingly, the Court GRANTS the Motion as to ALS's claim under the DTSA with leave to amend.

I. ALS Has Not Adequately Pleaded Its Unjust Enrichment Claim (Ninth Cause of Action).

ALS raises a claim for unjust enrichment for the first time in the FAC. This claim fails.

"There is no cause of action in California for unjust enrichment. Unjust enrichment is synonymous with restitution." *Levine v. Blue Shield of Cal.*, 189 Cal. App. 4th 1117, 1138 (cleaned up). Similarly, under the DTSA, unjust enrichment is available as a type of remedy, not as a standalone cause of action. *See* 18 U.S.C. § 1836(b)(3)(B)(i)(II) (permitting awarding "damages for any unjust enrichment caused by the misappropriation of the trade secret that is not addressed in computing damages for actual loss").

As such, the Motion is GRANTED without leave to amend as to ALS's claim for unjust enrichment based on Defendants' alleged misappropriation in violation of the CUTSA and the DTSA. ALS may, however, seek unjust enrichment as a remedy for other claims.

II. Conclusion

For the reasons stated herein, the Court ORDERS as follows:

1. The RJN is GRANTED.
2. The Motion is GRANTED IN PART.
 - a. The following claims are DISMISSED WITHOUT LEAVE TO AMEND:
 - i. ALS's breach of contract claim (first cause of action) against Defendants with respect to the failure to meet a purported 30% minimum workshare requirement;

- ii. ALS's claim for breach of implied joint venture/partnership agreement (second cause of action);
- iii. ALS's breach of the implied covenant of good faith and fair dealing (fourth cause of action) with respect to the failure to meet a purported 30% minimum workshare requirement;
- iv. ALS's UCL claims (fifth cause of action);
- v. ALS's declaratory relief claim (sixth cause of action); and
- vi. ALS's claim for unjust enrichment (ninth cause of action).

b. The following claims are DISMISSED WITH LEAVE TO AMEND:

- i. ALS's breach of contract claim (first cause of action) against Defendants with respect to the licensing provision;
- ii. ALS's breach of contract claim (first cause of action) with respect to the confidentiality provision;
- iii. ALS's breach of the implied covenant of good faith and fair dealing (fourth cause of action) with respect to misuse of ALS's intellectual property;
- iv. ALS's breach of the implied covenant of good faith and fair dealing (fourth cause of action) with respect to failure complete performance evaluations;
- v. ALS's request for punitive damages under the breach of the implied covenant of good faith and fair dealing (fourth cause of action);
- vi. ALS's misappropriation of trade secrets claim under the CUTSA (seventh cause of action); and
- vii. ALS's misappropriation of trade secrets claim under the DTSA (eighth cause of action).

c. ALS's fraud claim may proceed.

3. ALS shall file a trade secret information statement. The Court will issue a separate Order detailing what should be included in a trade secret information statement.

1 4. ALS is granted leave to file an amended complaint. The Court's separate Order regarding
2 ALS's trade secret information statement will include a timeline for the parties to file an
3 amended complaint and any responsive pleadings.
4

5 IT IS SO ORDERED.

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7 Dated: February 25, 2025



8 MAAME EWUSI-MENSAH FRIMPONG

9 United States District Judge
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